

SENATE BILL No. 328

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8.

Synopsis: Medicare supplement for state employees. Requires the state department of personnel to make available to certain state employees a group Medicare supplement insurance policy. Requires the state to pay a percentage of the group Medicare supplement policy premium equal to the average percentage paid for self-insured health coverage for active employees.

Effective: July 1, 2015.

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January 8, 2015, read first time and referred to Committee on Health & Provider Services.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 328

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10-8-7, AS AMENDED BY P.L.91-2014,
2 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 7. (a) The state, excluding state educational
4 institutions, may not purchase or maintain a policy of group insurance,
5 except:
6 (1) life insurance for the state's employees;
7 (2) long term care insurance under a long term care insurance
8 policy (as defined in IC 27-8-12-5), for the state's employees;
9 (3) an accident and sickness insurance policy (as defined in
10 IC 27-8-5.6-1) that:
11 (A) is in effect on June 30, 2014; and
12 (B) covers individuals to whom coverage is provided by a
13 local unit under section 6.6 of this chapter;
14 may be maintained until the first policy renewal date after June
15 30, 2014; ~~or~~
16 (4) an insurance policy that provides coverage that supplements



coverage provided under a United States military health care plan;

or

(5) a Medicare supplement insurance policy under section 8.3 of this chapter.

(b) With the consent of the governor, the state personnel department may establish self-insurance programs to provide group insurance other than life or long term care insurance for state employees and retired state employees. The state personnel department may contract with a private agency, business firm, limited liability company, or corporation for administrative services. A commission may not be paid for the placement of the contract. The department may require, as part of a contract for administrative services, that the provider of the administrative services offer to an employee terminating state employment the option to purchase, without evidence of insurability, an individual policy of insurance.

(c) Notwithstanding subsection (a), with the consent of the governor, the state personnel department:

(1) may contract for health services for state employees through one (1) or more prepaid health care delivery plans; and

(2) may maintain a contract:

(A) for health services for individuals to whom coverage is provided by a local unit under section 6.6 of this chapter through one (1) or more prepaid health care delivery plans; and

(B) that is in effect on June 30, 2014;

until the first policy renewal date after June 30, 2014.

(d) The state personnel department shall adopt rules under IC 4-22-2 to establish long term and short term disability plans for state employees (except employees who hold elected offices (as defined by IC 3-5-2-17)). The plans adopted under this subsection may include any provisions the department considers necessary and proper and must:

(1) require participation in the plan by employees with six (6) months of continuous, full-time service;

(2) require an employee to make a contribution to the plan in the form of a payroll deduction;

(3) require that an employee's benefits under the short term disability plan be subject to a thirty (30) day elimination period and that benefits under the long term plan be subject to a six (6) month elimination period;

(4) prohibit the termination of an employee who is eligible for benefits under the plan;



(5) provide, after a seven (7) day elimination period, eighty percent (80%) of base biweekly wages for an employee disabled by injuries resulting from tortious acts, as distinguished from passive negligence, that occur within the employee's scope of state employment;

(6) provide that an employee's benefits under the plan may be reduced, dollar for dollar, if the employee derives income from:

(A) Social Security;

(B) the public employees' retirement fund;

(C) the Indiana state teachers' retirement fund;

(D) pension disability;

(E) worker's compensation;

(F) benefits provided from another employer's group plan; or

(G) remuneration for employment entered into after the disability was incurred.

(The department of state revenue and the department of workforce development shall cooperate with the state personnel department to confirm that an employee has disclosed complete and accurate information necessary to administer subdivision (6).);

(7) provide that an employee will not receive benefits under the plan for a disability resulting from causes specified in the rules; and

(8) provide that, if an employee refuses to:

(A) accept work assignments appropriate to the employee's medical condition;

(B) submit information necessary for claim administration; or

(C) submit to examinations by designated physicians;

the employee forfeits benefits under the plan.

(e) This section does not affect insurance for retirees under IC 5-10.3 or IC 5-10.4.

(f) The state may pay part of the cost of self-insurance or prepaid health care delivery plans for its employees.

(g) A state agency may not provide any insurance benefits to its employees that are not generally available to other state employees, unless specifically authorized by law.

(h) The state may pay a part of the cost of group medical and life coverage for its employees.

(i) To carry out the purposes of this section, a trust fund may be established. The trust fund established under this subsection is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the trust fund established under this subsection by the state board of finance, the



1 budget agency, or any other state agency. Money in a trust fund
 2 established under this subsection does not revert to the state general
 3 fund at the end of any state fiscal year. The trust fund established under
 4 this subsection consists of appropriations, revenues, or transfers to the
 5 trust fund under IC 4-12-1. Contributions to the trust fund are
 6 irrevocable. The trust fund must be limited to providing prefunding of
 7 annual required contributions and to cover OPEB liability for covered
 8 individuals. Funds may be used only for these purposes and not to
 9 increase benefits or reduce premiums. The trust fund shall be
 10 established to comply with and be administered in a manner that
 11 satisfies the Internal Revenue Code requirements concerning a trust
 12 fund for prefunding annual required contributions and for covering
 13 OPEB liability for covered individuals. All assets in the trust fund
 14 established under this subsection:

- 15 (1) are dedicated exclusively to providing benefits to covered
- 16 individuals and their beneficiaries according to the terms of the
- 17 health plan; and
- 18 (2) are exempt from levy, sale, garnishment, attachment, or other
- 19 legal process.

20 The trust fund established under this subsection shall be administered
 21 by the state personnel department. The expenses of administering the
 22 trust fund shall be paid from money in the trust fund. The treasurer of
 23 state shall invest the money in the trust fund not currently needed to
 24 meet the obligations of the trust fund in the same manner as other
 25 public money may be invested.

26 SECTION 2. IC 5-10-8-8.3, AS AMENDED BY P.L.91-2014,
 27 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2015]: Sec. 8.3. (a) As used in this section, "department"
 29 refers to the state personnel department.

30 (b) The department shall establish, or contract for the establishment
 31 of, at least two (2) retiree health benefit plans to be available for former
 32 employees of:

- 33 (1) the state; and
- 34 (2) the legislative branch of government;

35 whose employer elects under section 8(j) of this chapter to permit its
 36 former employees to continue to participate in a health insurance
 37 program under this chapter after the employees have become eligible
 38 for Medicare coverage. At least one (1) of the plans offered to former
 39 employees must include coverage for prescription drugs comparable to
 40 a Medicare plan that provides prescription drug benefits. This
 41 subsection expires July 1, 2014.

42 (c) The department shall not, after June 30, 2014, amend or renew



1 a retiree health benefit plan described in subsection (b) that is in effect
2 on June 30, 2014.

3 (d) A retiree health benefit plan described in subsection (b) that is
4 in effect on June 30, 2014, terminates on the first plan renewal date
5 occurring after June 30, 2014.

6 **(e) The department shall contract for one (1) group Medicare**
7 **supplement Plan F policy to be available for active employees of:**

8 **(1) the state; and**

9 **(2) the legislative branch of government;**

10 **after the active employees become eligible for Medicare coverage.**

11 **(f) The state shall pay a percentage of the premium for coverage**
12 **under a policy described in subsection (e) that is equal to the**
13 **average percentage paid by the state of all premiums for health**
14 **coverage available to active employees under section 7(b) of this**
15 **chapter.**

